



# Marion County Assessor

**Greg Bowes**

December 3, 2009

Mr. Timothy J. Rushenberg, Commissioner  
Indiana Department of Local Government Finance  
200 N Senate Ave Ste N1058(B)  
Indianapolis, IN 46204

## **RE: 2009 (payable in 2010) Annual Adjustment Process for Marion County, IN**

Dear Commissioner Rushenberg:

This letter is to serve as our narrative explanation for the Annual Adjustment process for the 2009 (payable in 2010) assessments in Marion County. The following steps and procedures were taken to revise the 2009 assessed values for Marion County.

### **Township Assessor Consolidation**

In November 2008, the voters in Marion County overwhelmingly supported a public question on the ballot asking whether to transfer assessment responsibilities from township assessors to the county assessor. Since our last annual adjustment, the benefits of consolidation have borne more fruit. Our data has been cleaned up and our assessment teams have been able to bring more consistency to the assessment results.

### **Processing of 2006 Assessments under Appeal**

Marion County received over 22,000 appeals of the 2006 (payable in 2007) assessments. Although the number was just over 6% of the total number of parcels, it was unusually large compared to prior years. We have processed just over 34% of those appeals to date. In the process of resolving those appeals, we were able to identify pockets of problems, and take steps to adjust them, not just for the parcels appealed, but for other parcels with the same circumstances. When any appeal for 2006 was resolved, we also made appropriate adjustments for the 2009 (payable in 2010) assessment.

### **Field Work**

As part of our reorganization, we have teams assigned only to perform field inspections. Since our last annual adjustment submission, we have performed field inspections in response to the pulling of a construction permit for approximately 1,800 residential and 650 commercial or industrial properties. To identify residential properties with unused improvements, we conducted site visits to over 500

properties to confirm the use of the property and make any needed adjustments to our condition measures.

### **Review and Validation of the 2008 Sales Database**

In accordance with the DLGF's February 4, 2009, memorandum, we used only sales from 2008 in the annual adjustment process. To ensure the accuracy of the sales used, we individually reviewed all of the paper copies of sales disclosures submitted during 2008 to confirm that they were accurately data-entered in our electronic file. Although many sales were not used in the ratio study, we have provided a spreadsheet with an explanation for almost every individual sale showing why the sale was inappropriate for use.

### **Re-delineation of Neighborhood Boundaries**

Our commercial and industrial assessment team more carefully delineated the commercial and industrial neighborhoods for the downtown central business district and surrounding neighborhoods such as the area around Lucas Oil Stadium and the downtown canal district. They also revised the neighborhood definitions for fast food and convenience store properties. They revised the commercial neighborhoods for the 86<sup>th</sup> Street corridor from Allisonville Road to the west leg of Interstate 465. The land uses in the Glendale and Castleton areas were reclassified.

### **Review of Land Values**

For all commercial and industrial properties, we updated the land values to reflect a primary land pricing at 100% of the base rate, secondary at 95%, and usable undeveloped at 90%, making the land assessments more representative of market value. We continued to identify residential parcels that had an adjustment for a developer's discount where the parcel no longer qualified. We removed the discount on those parcels. The ratios in certain neighborhoods showed a need for revision of the land base rate. The adjustments were made as needed.

### **Thorough Physical Reexamination of Central Business District and Major Retail Mall Areas**

Our commercial and industrial assessment team physically walked the entire mile square of the downtown central business district to conduct a site inspection of each improvement in those property classes. They also inspected businesses in the Glendale and Castleton Square mall areas. Any time the site inspection revealed a contradiction to the information on our property record card, such as for age, obsolescence, condition, or omitted features, an interior physical inspection was conducted. These contradictions showed the need for interior physical inspection of over 20 large central business district improvements.

### **Review of Income Producing Properties**

Our commercial assessment team has developed an income capitalization model to be used for multi-family residential properties. As part of processing hundreds of appeals of the 2006 (payable in 2007) cycle for these apartments, this model was used to arrive at a settlement. Any information gleaned in the appeals process was then used to develop capitalization rates we used for the 2009 (payable in 2010) assessments. We intend to continue to gather income capitalization data and expand use of this model to other property uses in future assessment years. As part of an effort initiated by Indianapolis Downtown, Inc., we are coordinating information from downtown office building managers to ensure that our income capitalization data is accurate and properly categorized for future assessment years. For residential rental properties with fewer than four units, we have developed a map of the entire

county to show appropriate gross rent multiplier (GRM) factors by neighborhood. We continue to gather monthly rent data to support the other factor used in the GRM formula.

### **General Data Cleanup**

Our GIS team has been working diligently to revise our base map to make our parcel delineations more accurate, and has continued to finalize our conversion to the required 18-digit parcel number. Data errors and inconsistencies in our computer system continue to be identified and corrected. We found hundreds of properties with improperly identified use codes and made corrections. We continue to clean up our sales disclosure file. As a result of consolidation, we have improved how we track multiple business personal property parcels with a common owner. We have taken steps to reduce the number of business personal property parcels down to one parcel per owner within each tax district. We have identified the true owner of mobile homes to correct an error where mobile home parcels were incorrectly created for a resident of a mobile home with no ownership rights.

### **Calculation of New Neighborhood Factors**

We used our new PVD computer system to perform initial ratio studies at the neighborhood and township levels. This initial calculation identified areas where land base rates needed to be revised or where neighborhood delineations needed to be reviewed. Where a review of a parcel's physical characteristics was warranted, aerial photography, Pictometry, or Metropolitan Indianapolis Board of Realtors (MIBOR) listing information was reviewed to be certain physical data was correct. Where that information was inconclusive, field inspections were conducted. After these changes were made, we performed the ratio studies again. In many neighborhoods, there were an inadequate number of sales to rely on for proper trending. In these cases, we turned to other market trend sources, such as MIBOR analyses, CoStar's sale and lease data, and our own analysis of trends in Marion County's sales, to develop appropriate factors to apply. The ratio studies were again performed after all the changes outlined above had been made. The results of the final ratio studies achieved statistical measures within the IAAO limits.

The ratio studies and the Marion County workbook have been made available to you on an FTP site. We will let you know the Login and password by separate letter.

I hope these results meet with your approval. If there are any problems, or if you have any questions about our process, please let me know.

Sincerely,



Greg Bowes  
Marion County Assessor